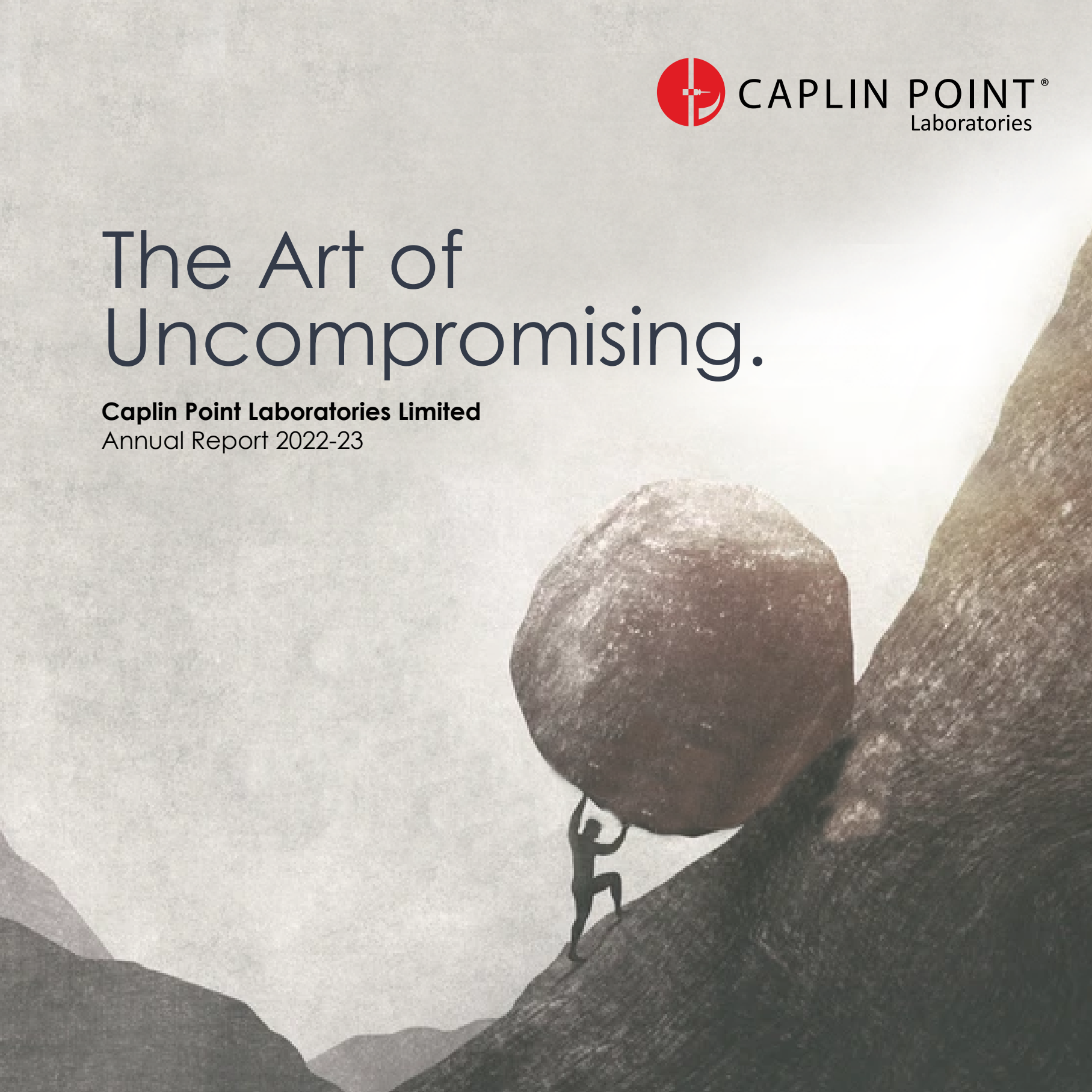


The Art of Uncompromising.

Caplin Point Laboratories Limited
Annual Report 2022-23





The Art of Uncompromising.

Of all things, uncompromising is the way to greatness. At Caplin, we believe energy follows intention and uncompromising intention leads to uncompromising result. It is this belief that led us to execute one of the most spectacular corporate turnarounds in the country. From “nowhere” to “now here”.

This took us to foreign shores where we are known for our unflinching dedication to quality and R&D, and placed us on rock-solid ground as far as finances go.

Because the stand of uncompromising is not a way of working. It's an Art and a way of life.

This art of uncompromising leads one to be the choice architect to decide, who that person or organization is, and what they wish to become.



At Caplin, the Company's visionary leadership has been conscious to create its own path than getting deterred by the roadblocks.

As a choice architect, Caplin took on the mantle to cater to the medical needs of the choiceless people at the Bottom of the Pyramid (BOP) in the markets the Company operates. The choice architecture of the Company reflects in one of the prominent corporate turnaround stories from India. Today, the Company has created a consistent performance growth chart right from revenues, to profits to cashflows, cash reserves, scale of manufacturing, innovation capabilities, market expansions and reward to the Stakeholders. The transformative growth which the Company has created for all stakeholders is not just achievement but also the driver of future progress. Caplin believes that good results in the present do not necessarily indicate good results in the future, but good processes do and right from operational excellence to higher degree of digitalization, Caplin has been investing in the right processes and technology.

Uncompromising is the key to prosperity that Caplin has never put in other's pocket. Good science, not just an old school, is an updated version of new normal and upgraded version of systems and facilities.

Today, Caplin has a unique differentiator of delivering ₹1200+ Crores from 6 countries whose population, when put together, is less than that of Tamil Nadu State in India.

Today, Caplin brings in 14% of its total revenue from the premier health & pharmaceutical market - U.S. Here, the Company is planning to replicate the success model of its Emerging Markets business by catering to BoP segment of end consumers.

The four pillars system of growth and strength at Caplin has been ensuring the sustainability and scalability of its operations. These four pillars of Integrity, Quality, Safety and Productivity provides the answers to all the doubts or queries which the team may have for which they may not get answers from even best of the search engines.



CAPLIN POINT®
Laboratories



The Uncompromising Growth Strategy

Caplin's consistent growth strategy is earmarked by some unique value propositions, strong capabilities, ahead of the curve vision, commitment to create stakeholder value and to be in the leadership fray in the chosen lines of business. The cornerstones of the Company's growth strategy have been serving the Bottom of Pyramid end consumer segment; creating high growth sustainable business models in emerging markets; expanding in regulated markets with success of emerging markets; backward and forward integration across the value chain; building critical capabilities in-house; building a cash surplus balance sheet; and consistently innovating in complex product categories and excelling in business model differentiation.

The vision of the promoter group have paved the path to establish Caplin as one of the most prominent wealth creating company in its segment. The visionary leadership, which has led the company from the front has been ably supported by a highly efficient executive leadership and an amazing team of dreamers and doers.

" The way to get started is to quit talking and begin doing" - Walt Disney

Following are the anchors of Caplin's growth strategy and the strategic decisions taken from time-to-time and on right time.



The five anchors of Caplin's growth Strategy

Consistently growing 'Emerging Markets Business' - the Core Business, at historically high pace

Caplin's core business which is focused on Latin America and Francophone Africa is expected to grow at above industry-average pace with margins expected to improve with increased branded generics business and efficient supply chain management.

U.S. Business to boost the growth further - Double Engine growth strategy as second major growth engine

Aspiration is to have exceptional compliance record and focus on niche products which continues to be in shortage in US market. Caplin believes US business to be one of its primary engines that will drive growth. This is underscored by the front end presence in the form of a subsidiary in the US which is under incorporation.

Building strong & impeccable presence across the value chain to back up both businesses

Backward and forward integration to help save cost, capture more market and control supply chain which is expected to boost earnings.

A strong cash-surplus, zero-debt balance sheet to fuel growth and expansion plans

Caplin's DNA of remaining debt-free and self-sustenance is highlighted by increasing cash surplus over the years. Strong Balance sheet of Caplin acts as an anchor for our long-term vision.

Expansion into other geographies and widening product portfolio

Caplin plans to enter more regulated markets such as Canada, Australia, China, Russia/CIS as well as enter the bigger LATAM markets of Brazil in the near to medium term horizon and strengthen the presence in bigger LATAM markets like Mexico.

Our 5 key strategic decisions

which are yielding us good
dividends

**Plant to Portal:**

Caplin has chosen to direct market its products in the Emerging Markets to the pharmacies and wholesale channel partners, thereby the Company is able to circumvent trade channels and increases speed to market and improved margins.

Direct approach:

Proposed extension from product manufacture to retail interface through Healthcare portal automating pharmacies, clinics and diagnostic labs. Currently the Company generates 20% revenue from direct sales.

The Company has deployed the healthcare portal to automate the pharmacies and do a forward integration. This move is generating Big Data for generics which will lead to better product positioning and insights.

Expanding the ambit of forward integration, with enough headroom since there are about 15,000 pharmacies, to address bottom-of-the-pyramid customers and engage with doctors.

Forward Integration:

Caplin is moving up the Value Chain with acquisition of its Channel partners at Latin America.

This forward integration provides for greater control over manufacturing, export, import, distribution due to instant and accurate feedback from the markets from direct access to retailers and wholesalers.

Backward Integration:

Caplin plans to utilize its API Plant to cater to both - the U.S. and LATAM businesses, as well as upcoming Oncology business. This backward integration will help the Company in manufacturing and supply of APIs for complex injectable products. The targeted complete backward integration, starting from Key Starting Material (KSM) to Intermediates and API is under progress.

Setting up of CRO

U.S. FDA approved CRO wing of Caplin will cover BE/BA studies for captive consumption, before scaling up as a commercial CRO. Target markets are, U.S., E.U., and LATAM. The CRO wing also completes back to back virtual and physical US FDA Audits and EIR has been received for first inspection.

The Course of This Report



<https://www.caplinpoint.net/index.php/annual-report/> click here view this report

Caution regarding Forward-looking Statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.